

IMPENDLE MUNICIPALITY



2009/2010 ANNUAL REPORT

01 July 2009 – 30 June 2010

TABLE OF CONTENTS

Mayors' Foreword	3
Executive Summary	4
Chapter One	
Introduction	6
Overview of Impendle Municipality	7
Chapter Two	
Performance Highlights	13
Chapter Three	
Human Resources and Other Organizational Matters	15
Chapter Four	
Audited Annual Financial Statements	19
Report of the Auditor General	24
Report of the Audit Committee	31
Corrective action taken in response to Auditor General's report	56
Chapter Five	
Office of the Municipal Manager	60
Internal Audit Unit	63
Finance Department	65
Corporate & Community Services Department	72
Infrastructure and Planning Services	80
Annexure & Appendices	49
Acronyms	92
Notes	93

MAYOR'S FOREWORD



Members of Impendle Council, Impendle Municipality Officials and all present, it is with great pleasure that I present the Annual Report on the activities of the Impendle Local Municipality for the financial year 1 July 2009 to 30 June 2010.

In 2009/2010 the municipality focused on ensuring that there was effective infrastructure and service delivery, economic development and job creation, effective financial management, implementation of the municipal property rates act, integrated development planning, inter-governmental relations, institutional development (including systems) and good governance (including public participation).

This report will give detail of both successes and challenges that remain in so far as the above matters are concerned. 2009/2010 was an important year in that the municipality moved away from the Sec 139 Intervention which had been instituted by the Provincial Executive Council. The municipality also received direct allocations from the Municipal Infrastructure Grant programme for the first time. There are indicators that implementation will be difficult but can be improved with time.

In conclusion, we can say that despite challenges that the municipality still faces, with particular reference to service delivery and the capacity of the municipality to perform certain of its functions, the 2009/2010 Audit Report provided comfort and is an indicator of general improvement and provides a solid foundation to work from.

Cllr SM Makhaye
Mayor
Impendle Local Municipality
January 20110

EXECUTIVE SUMMARY



2009/2010 was characterized by the excitement of the 2010 Soccer World Cup. This had the promise that the game would finally proliferate all areas including Impendle. While some of it did materialize, in the main things remained the same. In the 2008/2009 period we spoke of a new trajectory for Impendle characterized by good governance, financial management and economic development.

In the area of good governance we have put in place new policies and are ensuring that these are being adhered to. We appointed the Internal Audit Unit as well as the Audit Committee and they have been operational during the year under review. The municipality remains one of a few where ward committees are effective. The municipality has reinforced the ward committees by employing part time ward committee administrators to consolidate the work of ward committees even further.

Financial management has also improved considerably from where it was a few years ago. There have been improvements in terms of compliance with relevant legislation concerning financial management and reporting.

Economic development and job creation is an area in which we still struggle and cannot report any major progress or successes. Notwithstanding, it is an area we are pursuing with vigor and hope to make breakthroughs soon. The revision of the local economic development strategy of the municipality has been completed.

The municipality successfully implemented the municipal property rates act as required. However this will not change the financial outlook of the municipality due to the rural nature of the municipality. We can now confirm that the implementation will not enhance the revenue of the municipality, if anything it is likely to cause leakage.

Integrated development planning has also improved albeit slower than we had anticipated. The planning shared services agreement concluded with other municipalities in the district has also been slow in taking off the ground. Financial and technical assistance was obtained from the Development Bank of Southern Africa (DBSA) for the municipality to put in place an Environmental Management Framework & Spatial Development Framework. This process was completed at the beginning of 2010.

Institutional development and the introduction of new systems remained a challenge; however, with financial and technical assistance from the DBSA, the municipality completed the implementation of the Document Management System. Through an agreement with the UMDM a new Financial System was also implemented. The system complies with the requirements of the Generally Recognized Accounting Practice and the requirements of the municipal property rates act.

Service delivery, with particular reference to the implementation of projects funded through the Municipal Infrastructure Grant programme improved. Notwithstanding, the pace remains slower than it can be. By the end of the year under review four access roads had been completed. The rehabilitation of the taxi rank was still not complete. The delays have been assessed and a plan put in place to tackle same. The fencing of the refuse site had been completed. Since the completion of the indigent register many more people benefited from the Free Basic Energy programme. In the year under review the municipality introduced free gas bottles and stoves to more than one thousand families that currently do not have electricity.

In terms of intergovernmental relations and cooperation, it can be reported that once the relevant agreements were concluded, the department of Human Settlement commenced the construction of more than 2000 houses in Impendle. Relations with the Umgungundlovu District Municipality improved substantially and major water and sanitation projects which commenced the previous year were still not completed for various reasons but mainly due to failure by one of the major contractors. The replacement process took longer than was anticipated. The department of agriculture implemented major maize cultivation projects in all of the four wards. Funding was being sought by the department of agriculture to establish a grain mill in Impendle.

Despite the challenges that remain, the municipality will be reporting progress in this report as well as other documents and forums where we are required to report as a municipality.

Mr. BS Duma
Municipal Manager
20 January 2011

Chapter One

INTRODUCTION

Submission and Tabling of the 2009/2010 Annual Report to Council

This Annual Report is prepared for submission to Impendle Municipality Council in terms of Chapter 12, section 127 of the Local Government: Municipal Finance Management Act No. 56 of 2003.

Legislative mandate

The primary legislative mandate of the municipality stems from chapter 7, section 151 (2) of the Constitution of the Republic of South Africa, which states that –

The municipality must strive within its administrative and financial capacity, to meet the objects of local government which are to:

- Provide democratic and accountable government for local communities;
- Ensure sustainable provision of services to communities;
- Promote a safe and healthy environment; and to
- Encourage communities to become involved in local government matters.

The constitution also requires municipalities to structure and manage their administrations, budgeting and planning processes in such a manner as to:
Prioritize the basic needs of the communities;
Promote the social and economic development; and
Participate in national and provincial development programmes.

These constitutional stipulations are also reinforced in section 73(1) of the Local Government: Municipal Systems Act No. 117 of 1998.

The constitution is further supported by the following Acts which were created solely for the furtherance of the municipalities' constitutional mandate:
Local Government: Municipal Structures Act No. 117 of 1998
Local Government: Municipal Systems Act No. 32 of 2000
Local Government: Municipal Finance Management Act No. 56 of 2003
Local Government: Municipal Property Rates Act No. 6 of 2004
Division of Revenue Act

OVERVIEW OF IMPENDLE MUNICIPALITY

Impendle Municipality is located within the uMgungundlovu District which is regarded as the heart of the KwaZulu Natal Midlands. Impendle is situated on the western boundary of the uMgungundlovu District, and shares a boundary with the KwaSani and Ingwe Local Municipalities in the Sisonke District Municipal area. KwaSani Municipality includes such towns as Underberg and Himeville.

To the north is the uMngeni Local Municipality which is closely tied to the Impendle Municipality in terms of agriculture and potential tourism (Midlands Meander), and to the east The Msunduzi Local Municipality which is the capital of the province and economic hub of the District. Also to the west are District Management Areas of the Drakensberg that fall under the Transfrontier Development Initiative related to the World Heritage Site. Impendle is the smallest municipality in the uMgungundlovu region. Its economy is predominantly rural, and highly dependent on agriculture and farming. The infrastructure is relatively poor and the municipality has insufficient resources to address basic infrastructure problems.

There are however, specific natural assets which may give Impendle an economic advantage if fully explored. These include proximity to major tourist attractions, farming of woodlots, stock as well as abundant water resources.

Impendle comprise of four wards described as follows:

Ward 1

This ward is located on the Western portion of the Municipality with the western boundary of the Municipality falling adjacent to the Drakensberg Mountains. This ward is by far the largest ward in terms of geographical area and consists of scattered rural settlements which have encroached onto Nature areas. Small pockets of traditional areas are also located along roads and rivers. There are three settlements which stand out above the rest in this ward, namely: Nzinga, Stoffelton, Lower & Upper Makhuzeni, Mahlutshini, Thunzi, Nkangala/Glen and Lotheni

Ward 2

East of Ward 1 is Ward 2 which has as its western boundary the Nzinga River while the Eastern Boundary is the Impendle Mountain. This Ward consists of the following settlements, namely: Come and See, Macksam, Ukukhanya, Compensation, Mgodini, Ntshiyabantu/Shellfish, Qutshini and Nguga.

Ward 3

The Western Boundary of Ward 3 runs along the Impendle Mountain while the Eastern Boundary falls roughly along the road from Boston to Impendle town to Howick. This ward consists of the town of Impendle and the following settlements: Novuka, kwaMlaba, Khetha, Ntokozweni, Lindokuhle, Phindangene, Smilobar, Sthunjwana, Fikesuthi & the Impendle Village.

Ward 4

This ward consists mainly of the farming community of Boston and the settlements of: Gomane & Nhlabamkhosi.

DEMOGRAPHIC INFORMATION

Impendle represents just over 3.6% of the population of Umgungundlovu District Municipality (UMDM). The majority of people living in Impendle are black South African with very small percentages of other ethnic groups. Most households consist of four people, mostly living in either traditional dwellings or informal settlements. In terms of the Census 2007, the estimated population of Impendle is 39401, majority (52%) of the municipal population falls within the economically active age cohort 15-64 years. By far the majority are employed in Agriculture (60%) and Community Services (25%). Annual income per household is just under R 30,000.00, which is the lowest in the district.

Table 1: Impendle Population Breakdown per gender, household and employment

Total Population	39 401 (2007)
Male	18518 (2007)
Female	20883 (2007)
Households	7338 (2007)
Number of persons employed	1725 (2001)
Number of persons unemployed	4948 (2001)

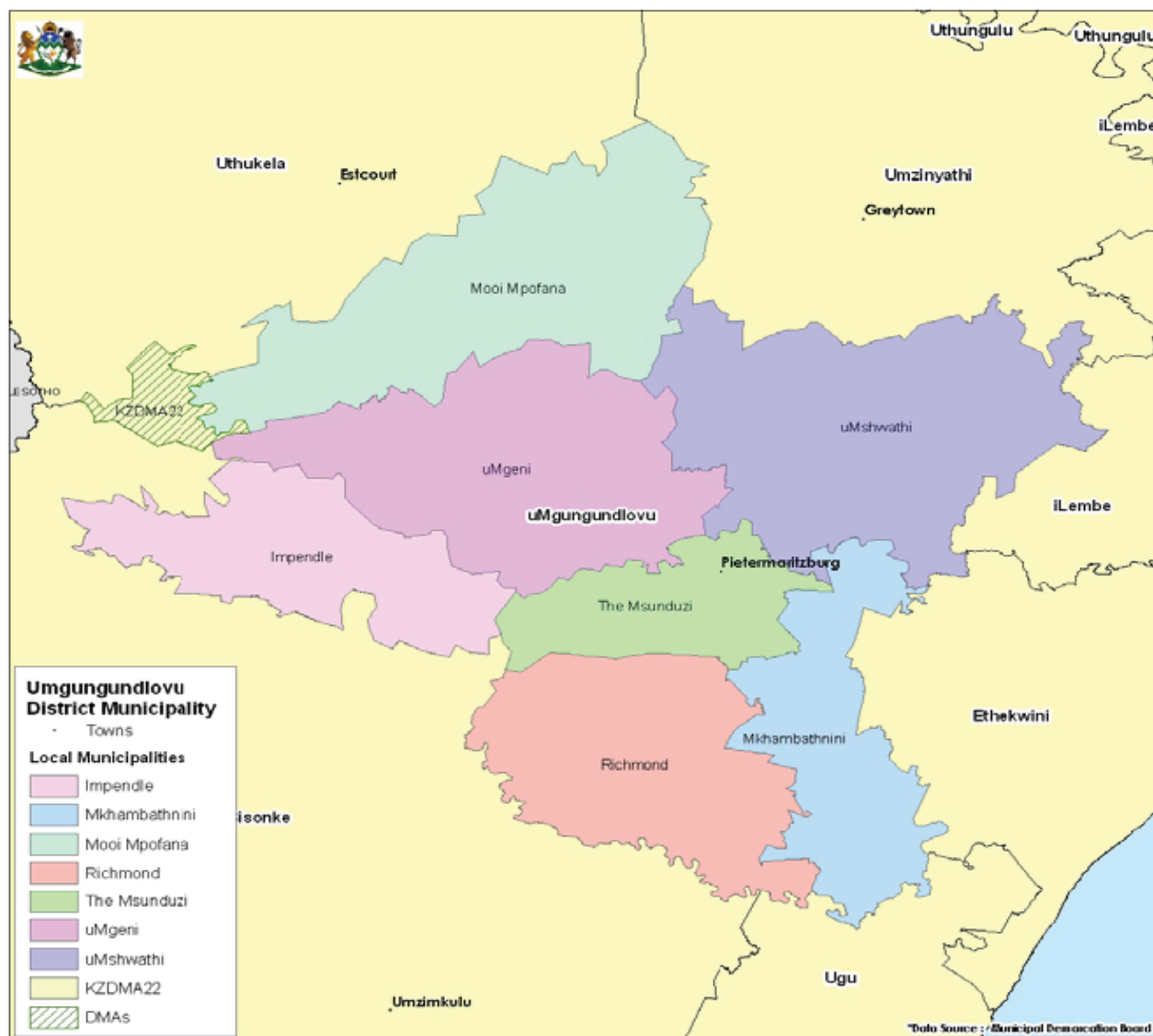
Table 2: Age Breakdown (2001)

0 – 4	3894
5 – 14	9912
15 – 34	10588
35 – 64	6960
Over 65	2207
Total	33561 (2001)

Table 3: Population Distribution (2007)

Population Group	CS 2007	2001	1996	% Change 1996 - 2001	% population 1996	% population 2001
African	38767	33248	33351	-0.31	98.24	99.04
Coloured	106	65	85	-23.53	0.25	0.19
Indian	0	23	22	4.55	0.06	0.07
White	524	233	342	-31.87	1.01	0.69
Total Population	39397	33569	33948	-1.12	100	100

MAP OF UMGUNGUNDLOVU DISTRICT WITH IMPENDLE ON THE WEST



KEY FEATURES OF LOCAL ECONOMY

AGRICULTURE

Agriculture is the main economic activity in Impendle municipality (commercial and subsistence). Agricultural sector accounts for about 12.4% of the district economy and Impendle contributes 0.4%. Although the municipality has high unemployment rate, agriculture is the key employment sector for the people of Impendle.

TOURISM

The development of Impendle Game reserve as a tourist destination is a difficult decision. Many of the species in the reserve are endangered and will not be able to cope with large numbers of tourists and additionally, tourists are likely to be specialised- interested in birds, or smaller flora and fauna. Linkages to international birding groups, and groups with scientific interest in the local species should be developed, with the option to be accommodated in Boston and Bulwer but to spend time in the reserves under controlled conditions.

Many tourists come to the area for its scenic beauty, which is threatened by uncontrolled and inappropriate development. At the same time, many also visit the area to view wildlife in all its aspects. Impendle is a particularly beautiful area but road access is poor. It could be marketed as a way stop between Howick and the transfrontier park as well as the Berg, only for 4 x 4 and especially in winter. Impendle gets snow almost every year and this will be a major attraction for many.

Many tourists visit the area for adventure and sports. Impendle has access in particular to fishing and possibly could develop niche sports such as hawking, hunting, photography, but especially fishing. Many small dams and rivers in the area will lend themselves to fishing activities, and a detailed plan to maximize these assets should be developed. Pony trekking and backpacking offer additional opportunities.

SERVICE INDUSTRY

The public sector employs a substantial number of people in Impendle as teachers, nurses, police and other officials who work government departments such as Social Development, SA Social Security Agency, Justice and so on.

POLITICAL LEADERSHIP (COUNCIL)

The function of council within the municipality is to govern and oversee the implementation of its decisions. The Council and its committees functions are administered as follows:

Full council (consists of 7 Councillors) meetings are held once per month. Council meetings are usually attended by the Municipal Manager, Senior Officials (General Managers) and officials who may be required to give background and/or explanations in respect of certain matters on the agenda from time to time. Committee meetings on the one hand are usually attended by the relevant senior managers and other officials of the department concerned.

The strategic objective for the Council and Committees are to:

Ensure that the municipality fulfill its obligations in terms of Section 152 of the Constitution of the Republic of South Africa and that the Council is focused on ensuring that the municipality delivers the mandate in the most cost effective and sustainable manner.

COUNCILLOR DETAILS	FREQUENCY OF MEETINGS
Total number of Councillors	7

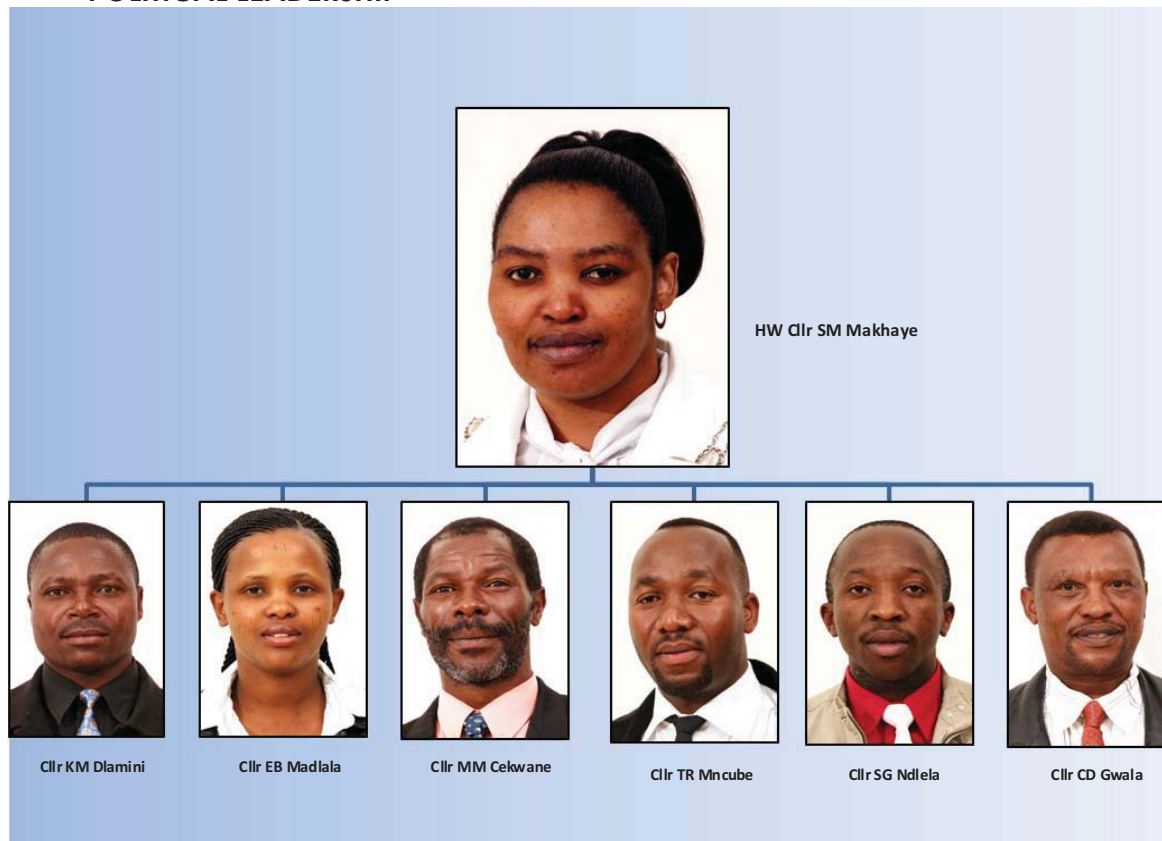
COUNCIL AND COMMITTEE MEETINGS	
Council	1 per month
Corporate & Community Services Portfolio Committee	1 per month
Infrastructure & Planning Portfolio Committee	1 per month
Finance Portfolio Committee	1 per month

WARD COMMITTEES	
Total numbers of wards	4
Ward meetings are held at various times during the year	Monthly

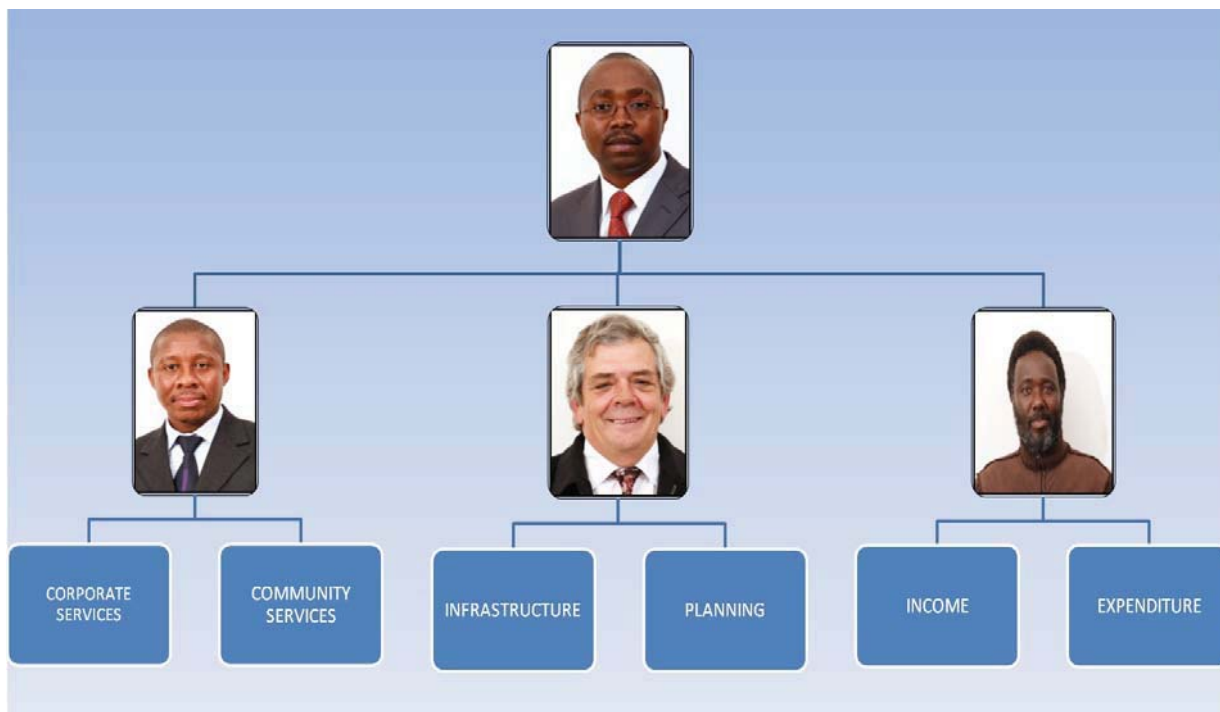
COUNCIL MEETINGS - JULY 2009 – JUNE 2010

SCHEDULED MEETINGS				SPECIAL MEETINGS			
DATE	Absent	Present	% Present		Absent	Present	% Present
2009				2009			
06 August	1	6	86	08 July	2	5	71
27 August	1	6	86	04 November	1	6	86
22 September	1	6	86				
29 October	0	7	100				
29 November	2	5	71				
10 December	1	6	86				
2010				2010			
28 January	1	6	86	06 January	0	7	100
01 March	1	6	86	02 February	1	6	86
25 March	1	6	86	31 March	2	5	71
29 April	0	7	100	14 April	1	6	86
27 May	0	7	100	17 May	0	7	100
24 June	1	6	57	30 June	1	6	86

POLITICAL LEADERSHIP



MANAGEMENT TEAM



CHAPTER TWO

PERFORMANCE HIGHLIGHTS

CAPITAL WORKS PROGRAM

- Five kilometers of MIG funded roads projects were completed in Gomane (Ward 4), Clarence (Ward1), Ntshiyabantu/Nguga (Ward 2) as well as kwaMlaba(Ward 3).
- The rehabilitation of the Impendle Taxi Rank. Although beset with problems by the end of the financial year the project was almost complete.
- MIG funded Solid waste site was fenced and site rehabilitated to extend its life until a new site can be constructed.

NEW PLANT AND EQUIPMENT

- The municipality successfully acquired new plant and equipment intended to improve its capacity to maintain and rehabilitate in particular the roads infrastructure. The plant included: Tractor and Trailer, Grader, Vibro Roller and two vehicles

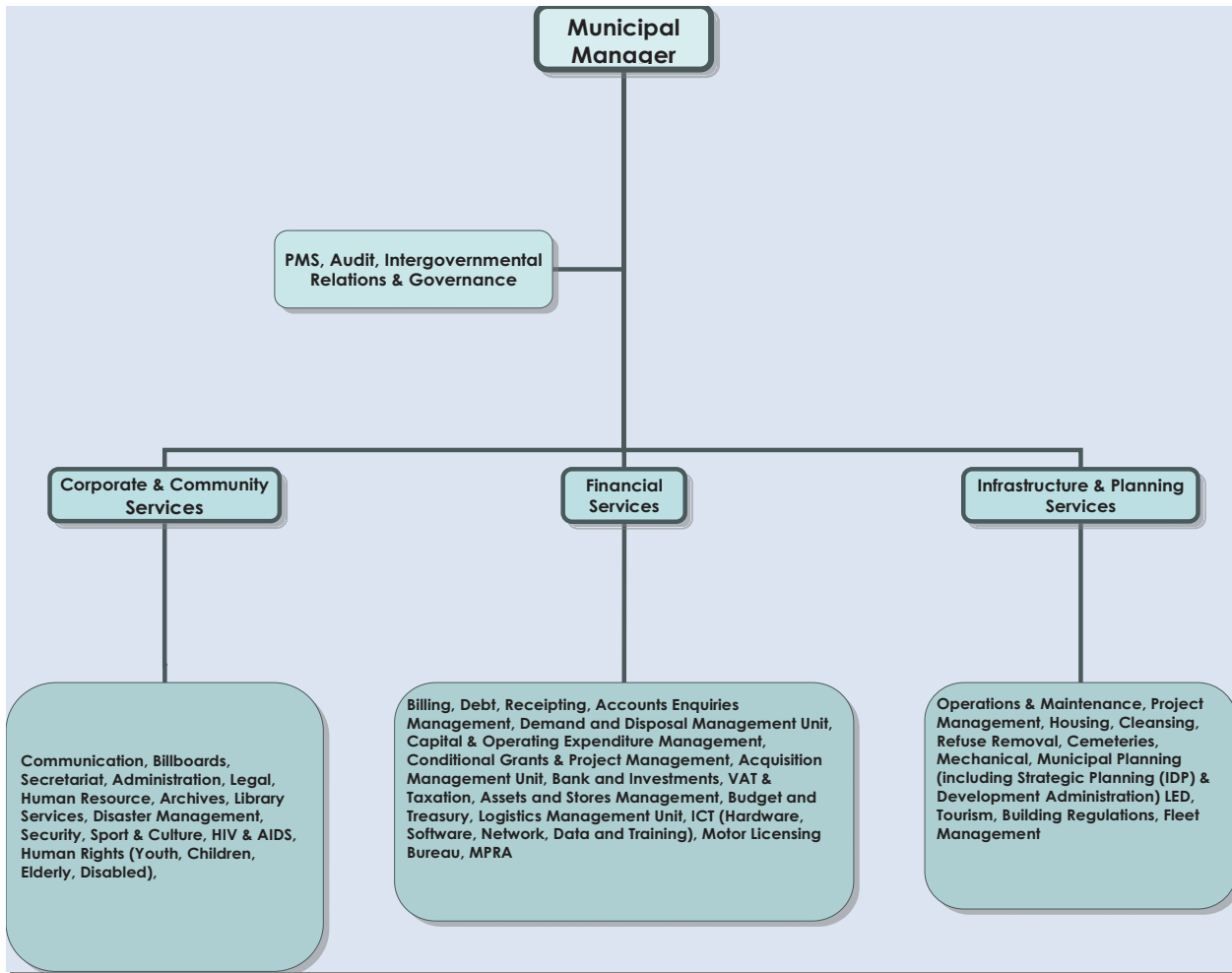
INSTITUTIONAL MATTERS

- Operationalization of the Thusong Services Centre remains a major challenge for the municipality. The centre requires more funding than it can generate. The occupation improved from three tenants to five with further lease agreements being negotiated with various government departments.
- Establishment and functionality of the registry during the year under review improved substantially with the introduction of the Document Management System. Challenges remain in terms of staff capacity, access and protection of documents.
- Completion of the GRAP conversion process in particular the assets management systems and policies put in place. The valuation of infrastructure assets is area that requires attention. However the municipality has three years in which to achieve this objective.
- The appointment of four part time Ward Administrators whose responsibility is to assist ward committees keep records as well as with ward based planning has improved the work of these committees.
- Preparation of the municipal turnaround strategy. The implementation was to commence in earnest during the 2010/2011 financial year.

CHAPTER THREE

HUMAN RESOURCES AND OTHER ORGANISATIONAL MATTERS

FUNCTIONAL MACRO ORGANISATIONAL STRUCTURE



CORPORATE & COMMUNITY SERVICES

Achievements in this financial year

- Operationalization of the Thusong Services Centre – the centre now has its own budget and staff, albeit not permanent. The occupation increased from just three tenants to five with a number of lease agreements being negotiated with various government departments.
- Establishment of a functional registry – although the establishment of the registry had begun in the previous financial year, during the year under review its operation and effectiveness improved substantially. Funds were also secured from the Development Bank of Southern Africa to install a document management system.

Total Staff Establishment for the year 2009/2010

Race	Gender	2008/2009	2009/2010
African	Male	24	37
African	Female	16	23
Coloured	Male	1	1
Coloured	Female	0	0
Indian	Male	0	0
Indian	Female	0	0
White	Male	1	1
White	Female	0	0
Total	Male	26	37
Total	Female	16	21
Total Employees		42	62

For the period 2008/2009 the male percentage of employees was 62% and the female percentage was 38%.

By the period 2009/2010 the male was 63% and female percentage was 37%.

Automatically there is a little change within Impendle Municipality workforce movement. Based on the Employment Equity Plan for Impendle Municipality, numerical goals and targets have changed from top management to clerical and administration level which has affected the change of percentage in terms of gender equity.

Staff Breakdown per Functional Area

Function	Filled	Vacant	Total
Corporate & Community Services	26	4	31
Infrastructure & Planning Services	13	22	35
Municipal Manager & Leadership	6	2	8
Financial Services	8	8	16

EMPLOYMENT EQUITY STATISTICS ENDING 30 JUNE 2009

This statistics focuses on Employment Equity Plan numerical goals and target covering five year plan which is based on the demographic norms and benchmarks of Economically Active Population.

EMPLOYMENT EQUITY

The municipality is in the process of constructing an Employment Equity Plan in line with the guidelines prepared by the Department of Labour

- Communicating awareness and training
- Consultation
- Allocating resources

to meet the municipality's obligations under the Act, particularly with regard to Chapter 3

Table 9: Workplace Demographics

Workplace Population	Male				Female				Total Employees
	B	C	I	W	B	C	I	W	
Number of Employees	37	1	0	1	23	0	0	0	62
Percentage	60	2	0	2	37	0	0	0	100

Over 99% of the population of Impendle is African in composition and the area is largely rural with no major employment opportunities. About 99, 5 of the employees in the municipality are African.

Table 10: Employment Statistics by occupational category

Employment Category	RACE								Total		Total
	African		Coloured		Indian		White				
	M	F	M	F	M	F	M	F	M	F	
SOC 100 Legislators	5	2	0	0	0	0	0	0	5	2	7
SOC 100 Directors & Corporate Managers	3	0	0	0	0	0	1	0	4	0	4
SOC 200 Professionals	7	3	1	0	0	0	0	0	7	3	10
SOC 300 Technicians & Trade Workers	0	0	0	0	0	0	0	0	0	0	0
SOC 400 Community & Personal Service Workers	9	1	0	0	0	0	0	0	9	1	10
SOC 500 Clerical & Administrative Workers	1	10	0	0	0	0	0	0	1	10	11
SOC 700 Machine Operators & Drivers	6	0	0	0	0	0	0	0	6	0	6
SOC 800 Labourers	8	7	0	0	0	0	0	0	8	7	15
Apprentices	2	2							2	2	4
Totals	41	25	1	0	0	0	1	0	42	25	67
Apprentices	2	2	0	0	0	0	0	0	2	2	4
TOTAL	39	23	1	0	0	0	1	0	39	23	62

STAFFING INFORMATION

Although not all vacancies were filled during the course of the year most key posts identified by Council were filled. There are still some strategic vacancies in the finance department that need to be filled.

EMPLOYEE ASSISTANCE PROGRAMME

Programme is being developed

Medical Aid Schemes

SAMWUMED	LA HEALTH	HOSMED	BONITAS
6	1	6	6

Pension/Retirement Funds

Municipal Joint Pension Fund and Municipal Employees Pension

Chapter Four

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON IMPENDLE MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Impendle Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages xx to xx.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (Act no 1 of 2010) (DORA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Impendle Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended in accordance with the SA Standards of GRAP and in the manner required by the MFMA and DORA.

Additional matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Other information included in the annual report

9. I have not obtained the other information included in the annual report for my review and have not been able to identify any material inconsistencies with the financial statements

Unaudited supplementary schedules

10. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations: the MFMA, Local Government Municipal Systems Act of South Africa (Act 32 of 2000) (MSA)

Predetermined objectives

12. Material findings on the report on predetermined objectives, as set out on pages xx to xx are reported below:

Non-compliance with regulatory and reporting requirements

Lack of adoption or implementation of a performance management system

13. The municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of sections 36, 38 and 41(2) of the MSA, and regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001

Existence and functioning of a performance audit committee

14. The audit committee functioning as the performance audit committee did not in accordance with section 14(4) of the Municipal Planning and Performance Management Regulations, 2001:-
 - meet at least twice during the financial year

- review the quarterly reports of the internal auditors on their audits of the performance measurements of the municipality
- review the municipality's performance management system and make recommendations in this regard to the council of the municipality
- submit an auditor's report to the council regarding the performance management system at least twice during the financial year.

Internal auditing of performance measurements

15. The internal auditors of the municipality did not audit the performance measurements on a continuous basis and/or did not submit quarterly reports on their audits to the municipal manager and the performance audit committee as required by section 45(a) of the MSA.

Reliability of reported performance information

16. The following criteria were used to assess the reliability of the planned and reported performance:
 - Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
 - Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
 - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit finding relates to the above criteria:

Reported indicators/targets not reliable as no supporting information was provided

17. The following selected programmes/objectives the validity, accuracy and completeness of 100% of the reported indicators/targets could not be established as the relevant source documentation could not be provided for audit purposes.
 - To Contribute towards improvement of universal access to basic services by 2017
 - To ensure sustainable waste management in ILM
 - To ensure proper management of cemeteries

Compliance with laws and regulations

Included below are findings related to material non-compliance with the acts as indicated.

Municipal Finance Management Act

The accounting officer did not adhere to his statutory responsibilities

18. Contrary to the requirements of section 62(1)(c)(i) of the MFMA, The accounting officer did not take reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. A backup policy and disaster recovery plan were

not implemented

INTERNAL CONTROL

19. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA and MSA, but not for the purpose of expressing an opinion on the effectiveness of internal control.
20. The matters reported below are limited to the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- **Leadership**

21. The accounting officer does not exercise oversight responsibility over performance reporting, compliance with laws and regulations and internal control. Actions are not taken to address risks relating to the achievement of complete and accurate performance reporting.

- **Financial and performance management**

22. Systems are not documented in the policy and procedures manual and the results of the monitoring process are not routinely communicated to all managers and staff.

Pietermaritzburg

30 November 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor-General

AUDIT COMMITTEE REPORT

2009/2010

Introduction and Background

Impendle Local Municipality has an Audit Committee as required by section 166 of the Municipal Finance Management Act 56 of 2003 (MFMA).

Composition of the Audit Committee

The Audit Committee has four (4) members who are not in the employ of the Municipality as required by section 166 (4) of the Municipal Finance Management Act (MFMA). Below are the names of the Audit Committee Members as appointed by the Municipality's Council:

Member's Name	Title / Designation
Mr. R. M. J. Baloyi	Chairperson
Mr. B. Zuma	Member
Mr. S. Shezi	Member
Ms. S Rajah	Member

Meeting Attendance

The Committee had scheduled four (4) meeting for the 2009-2010 financial year and the attendance at these meetings recorded as follows:

Member's Name	Title / Designation	Scheduled Meetings	Meetings Attended
Mr. R. M. J. Baloyi	Chairperson	4	3
Mr. B. Zuma	Member	4	4
Mr. S. Shezi	Member	4	3
Ms. S. Rajah	Member	4	4

Functions Carried Out

The following functions were carried out by the Audit Committee, as prescribed by the MFMA, in its meetings for the year ended 30th June 2010:

Advised on matters relating to:

- Internal financial control and internal audits;
- Risk Management;
- Accounting policies;
- Adequacy, reliability and accuracy of financial reporting and information;
- Performance Management;
- Effective governance;
- Compliance with the Municipal Finance Management Act, the Annual Division of Revenue Act; and any other applicable legislation;
- Performance evaluation; and
- Any other issues referred to it by the municipality

The Audit Committee reviewed and made recommendations on the Annual Financial Statements to provide the Council of the municipality with an authoritative and credible view of the financial position of the municipality, its effectiveness, and its overall level of compliance with legislation, the annual Division of Revenue Act and any other applicable legislation.

As part the Audit Committee responsibilities performance reports and Performance Management System of the Municipality was not reviewed by the committee, due to the fact that the Municipality was still in the process of reviewing and implementing the whole performance management system.

The Audit Committee also reviewed work performed by the Internal Audit Activity. A total of 8 audit projects were approved and 11 audit projects were performed.

R. M. J. Baloyi
Chairperson: uMngeni Audit Committee

Chapter Five

OFFICE OF THE MUNICIPAL MANAGER

The Municipal Organisational Structure consists of 3 departments each headed by a Manager who reports directly to the Municipal Manager. Listed in this section are the functions that are performed by each programme within the organizational structure with outputs, performance measures and performance targets.

Overview

The Municipal Manager is required to lead and direct the administration aspects of the Municipality and account to the Municipal Council so that economic growth and development is facilitated, poverty is alleviated, effective service is delivered to stakeholders and the long term sustainability of the Municipality is ensured within the requirements of the relevant legislation.

Description of the activity

To manage the municipality's administration in accordance with the Local Government: Municipal Systems Act and other legislation

- To implement the municipality IDP, and to monitor the progress with the implementation of the plan;
- To manage the provisions of services to community, residents and rate payers in a sustainable manner;
- To control and manage the effective utilization and training of staff;
- To maintain discipline of staff;
- To promote sound labour relations;
- To advise the structures and functionaries of the municipality;
- To manage the communication between the municipality's administration and its structures and functions;
- To carry out the decisions of the structures and functions of the municipality;
- To administer and implement the municipality's by-laws and other legislation;
- To implement national and provincial legislation applicable to the municipality; and
- To ensure monitoring and evaluation of risk management.

Analysis of the function

The Office of the Municipal Manager that co-ordinates the strategic direction and ensures poverty alleviation and facilitation of sustainability. This office leads, directs and manage top management in performance of duties to meet council objectives. It strategically controls the utilization of council resources in pursuit of an economic, effective and cost efficient service delivery. Adherence to legislation in relation to Employment Equity and the oversight of the Mayor and Municipal Manager are the prime responsibilities of this office. So is bearing responsibility for all income and Council expenditure as well as assets and discharge of liabilities.

INTERNAL AUDIT UNIT

Overview

Impendle Local Municipality did not have an Audit Committee in the last financial year. The committee was however appointed by Council in August 2008 on a shared basis with uMngeni Local Municipality.

Description of the Activity

The scope of work of the Internal Audit Unit is to determine whether the Impendle Local Municipality network of risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- That risks are appropriately identified and managed;
- That interaction with various governance groups occurs as needed;
- That significant financial, managerial, and operating information is accurate, reliable, and timely;
- That employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- That resources are acquired economically, used efficiently, and adequately protected;
- That programs, plans, and objectives are achieved;
- That quality and continuous improvement are fostered in the Impendle Local Municipality control process; and
- That significant legislative or regulatory issue impacting the Impendle Local Municipality are recognized and addressed appropriately.
- Evaluate and report on Performance Management.

Analysis of the Function

Internal audit Unit is an independent appraisal which examines and evaluates Impendle Local Municipality activities as a service to Management and the Council. To provide for the independence of the Internal Auditing Unit, its personnel report to the General Manager: Internal Audit, who report administratively to the Municipal Manager and functionally to the Audit Committee.

The department supports members of Impendle Local Municipality in the effective discharge of their duties. The identification and prevention of fraud is clearly a management responsibility. Internal Audit is well qualified and experienced to assist management to identify the main fraud risks facing uMngeni Local Municipality and could assist management in designing appropriate controls that could minimize the effects of the risks.

Outputs achieved by Internal Audit

Good Governance

- Internal Audit Charter was reviewed, updated and adopted;
- Internal Audit Committee Charter was reviewed, updated and adopted;
- Fraud Prevention Plan was reviewed, updated and communicated to relevant officials;
- Whistle Blowers Policy was developed and communicated to relevant officials;
- Protected Disclosures Act was communicated to relevant officials.

Risk Management and Risk Assessment

- Risk Management monitoring was performed bi-annually and reported to Management and the Audit Committee; and
- Risk Assessment was performed for all operational processes on a quarterly basis and reported to Management and the Audit Committee.

Meetings

- Internal Audit departmental meetings were held fortnightly to discuss progress on audit assignments;
- MANCO meetings were attended; and
- Audit Committee meetings were held on a quarterly basis;

FINANCE DEPARTMENT

Overview of Finance Department

The Finance department provides financial support and guidance to all other directorates within the Municipality on financial related matters. The department is broken down into the following components in order to fulfill its obligations to its internal structures and communities.

BUDGET UNIT

Revenue

- **Customer Billing**
 - Sent monthly statements to rates, refuse and miscellaneous customers
 - Developed a credible valuation roll
- **Debt Management and customer care**
 - Cleared customer queries
 - Wrote letters reminding arrears debtors to honour their accounts obligation
 - Produced monthly age analysis reports
 - Handed over defaulters to legal debt collector
 - Issuing of rates clearance certificates
- **Receipting and Depositing**
 - Produced traceable receipts for every cash received
 - Deposit cash and cheques once a week
- **Motor Vehicle Licensing**
 - Vehicle registration
 - Renewal of motor vehicle licenses
 - Duplication of log books
 - Issuing of special permits
 - Clearing of vehicles
 - Change of ownership
- **Expenditure**
 - Payroll Management
 - Paid councillors and staff salaries and benefits
- **Management of creditors**
 - Payment of creditors
 - Projects management
- **VAT Reconciliation**
 - Monthly submission of vat 201 return to SARS
 - Third party payments
 - Up to-date monthly payment and submission of pension fund returns for staff and councillors
 - Up to-date monthly payment and submission of PAYE, UIF, SDL to SARS

TREASURY UNIT

- **Banking and Investments**
 - Compilation of monthly bank reconciliation statements
 - Monthly updating of investment register
- **Statistical Compliance Reporting**
 - Up to- date submission of section 71 reports
 - Up to date submission of s72 reports
 - Up to date submission of s11 reports
 - Up to date submission of s52d reports
 - Timeous submission of AFS for 2007/8 financial year
 - Timeous submission of approval and submission of annual and adjusted budget
- **Assets Management**
 - Developed assets register
 - Re-evaluated immovable and movable properties.
- **Grants Management**
 - Reconciled grants and improved expenditure
- **Supply Chain Management Unit**
 - Established fully fledged SCM unit
 - Appointed bid committees

Credit Control and Revenue Protection Section

This section is responsible for protecting Councils revenue streams and ensuring that bad debt is maintained at a minimum level. In order to accomplish this challenging task, this section is responsible for the following activities.

- Collection of all outstanding monies owing to Council;
- Disconnection and reconnection of services for non payment;
- Concluding acknowledgement of debt agreement with consumers;
- Maintenance of the Geo Reality Debt Collection system;
- Preparing final demands and summons in favour of Council;
- Taking legal action for the recovery of outstanding debt; and
- Regular reporting with regards to outstanding debt.

Achievements

- Employed new billing computer system for effective implementation of MPRA
- Compiled Financial Statement for 2009/10 internally
- Compiled indigents register for 2009/10 financial year
- Re Valuated assets for GRAP purposes
- Produced assets register for 2009/10
- Employed two finance interns and additional SCM practitioner
- Put council's website under full operation
- Reconciled VAT with SARS
- Established fulltime Supply Chain Management Unit
- Established an effective supplier database system
- Implemented Free Basic Service on ratepayers by writing off debts in preparation for

introduction of MPRA in 2009/10

- Compensated those residents of Impendle who do not have access to electricity due to infrastructure backlogs which automatically exclude them from benefiting from Free Basic Electricity Fund by giving them free 12.5 kg gas cylinder and two plate gas stove. This project was funded out of Free Basic Energy budget.
- Participated in public participation campaigns on budget & IDP
- Appointed services of legal debt collectors.

Challenges

- To utilise internal auditors up to their fullest potential on issues relating to financial management of the Municipality
- To have regular Finance portfolio meetings
- To recover money owed by the Umgungundlovu District Municipality.
- To maximize expenditure

CORPORATE SERVICES DEPARTMENT

Overview

Communication, Billboards, Secretariat, Administration, Legal, Human Resources, Archives, Library Services, Disaster management, Security, Sport & Culture, HIV & AIDS, Human Rights (Youth, Children, Elderly, Disabled) and Thusong Services Centre operations

Description of the Activity

- To provide overall municipal legal service;
- To manage Capital and Operational budgets;
- To manage municipal property and estates services;
- To implement the Batho Pele principles;
- To provide for proper communication facilities.

Administration

The administration section provides administrative support and guidance to all other sections within the municipality. It is thus entrusted with the following functions:

Registry and Archives

In order to continuously manage effectively and efficiently the municipality recognizes information and records as the most important resources. Through a comprehensive Records Management Policy and Systems which has been developed and implemented, the service delivery by the municipality has improved. Most crucially, both internal and external communication channels have improved through the services of a messenger.

Proper utilization and maintenance of municipal facilities

The municipality utilizes and continuously permits the public to utilize some of its facilities which then require cleaning and maintenance. These facilities include:

- Municipal Offices
- Public Toilets
- Public Libraries
- Public Halls

These properties are cleaned and well-maintained on a regular basis, so as to promote health and safety of the employees and the customers. Although a proper facility hire policy is still to be developed, the use of the public facilities by members of the public is nonetheless properly controlled.

Human Resource Management

To strategically manage the Municipal Human Capital of the entire organization of Impendle Municipality focusing on the following aspects:

- Restructuring the Organization in terms of the needs and challenges of Impendle Municipality within its changing Integrated Development Plan.
- Managing and monitoring the Labour Turnover of the Municipality
- Recruitment and Selection of staff, and retaining the existing staff.
- Human Resources Development which impacts on Quality Service Delivery and Integrated Development Plan, and the Development of a Workplace Skills Plan and implementation thereof.
- Policy Development and Implementation

Analysis of the Function

The Corporate Services Department is the heartbeat of Impendle Municipality within the context of the Human Capital. Without a Healthy Labour Relations Environment, nothing will be achieved in terms of Improved Quality Service Delivery and the Integrated Development Plan. This is coupled with a well trained and motivated staff who should Deliver Quality Service to the entire Impendle Municipality communities at large within the goals of the Integrated Development Plan.

Labour Relations Management

To manage municipal labour relations between the employer and the employees for the purpose of providing effective and efficient services within the municipal area of jurisdiction, this encompasses the following:

- To promote mutual respect between employer and employees;
- To ensure that management and the employees share a common understanding of misconduct and discipline;
- Application of discipline in a prompt, fair, consistent and progressive manner;
- Prevent arbitrary actions by both management and labour organisations towards one another;
- Provide employer and employees with a quick and easy reference for the application of discipline;
- Ensuring that discipline is a corrective measure by conducting fair hearing in a formal or informal setting;
- Promote effective and efficient mechanisms to resolve grievances;
- Manage strikes to ensure that essential services are not interrupted during industrial actions;
- Co-ordination of consultative meetings with management and organised labour;
- Encourage employer and Organised Labour to collectively bargain and comply with collective agreements;
- Familiarise employees with municipality's conditions of service (induction);

Occupational Health and Safety

The Safety representatives that will be trained in Health and Safety as well as in First Aid, together with the EAP Manager, will meet on a monthly basis to discuss safety issues in the work places. They will also undertake site visits in areas which require more attention. The E.A.P. Manager also makes sure that employees who need to attend medical examinations are sent for such in due course.

HIV/AIDS Programme

A Strategic Policy to deal with the prevalence of HIV/AIDS in the Workplace has been developed. This Section is currently developing the implementation procedures. HIV/AIDS also receives much attention in our regular public gatherings and izimbizo. The establishment of the HIV & AIDS Council spearheaded by the Office of the Mayor will gather steam and the council will be established in the new financial year.

Community Services

Library/Sports/Taxi Ranks/Thusong Service Center/Cemeteries

Overview

- Centers of information
- Resources for the promotion of reading, literacy and information.
- Provide the public, with reading material, visual aids and audio materials as required i.e. CD's, DVD's, videos, fiction and non-fiction books.
- Municipal security and protection
- Thusong Services Centre services
- Facility for the burial of the deceased

Wellbeing of the Community

- The provision of free access to library materials over duration of time.
- No payment is required for the borrowing of materials, except for the fines on the late returns and lost library materials.

Upliftment of education

- The library provides a service that covers information on all aspects in life e.g. languages, computers, politics, cooking, gardening, etc. It also promotes literacy and reading to the community.
- The constant circulation of materials in the Impendle area enables the libraries to provide the public with new reading material on a regular basis.

Law Enforcement

The municipality has security arrangements & personnel sufficiently kitted to deal with minor breaches of the law & by-laws on its premises. The municipality is also considering the establishment of a unit to be with traffic related matters.

Disaster Management

Impendle is prone to heavy rains, thunder storms and snow that often impact on households and their livestock. Impendle has established reporting protocols with the Umgungundlovu Disaster management Center. While there is much room for improvement the arrangements appear to be working fairly well.

Thusong Services Centre

This is a stand-alone unit which services the needs of the community by housing government departments to the centre so that people can access those departments much faster than they would otherwise have.

Analysis of the function

The function of the Community Services Department of the Impendle Municipality is to prepare & implement a Law (incl. by-laws) Enforcement Strategy, Community Facilities, Disaster Management, Thusong Services Centre and matters related to human rights programmes such as children, elderly, disabled and youth.

INFRASTRUCTURE & PLANNING SERVICES

Affordable Housing

Overview

- Continuous management, coordination and facilitation of all Municipality's Housing development projects within Impendle Municipality.
- Oversight of construction of houses for the approved beneficiaries
- Ensure the provision of services to individual homes especially in areas that have benefited through Affordable Housing Projects, funded by the Department of Housing (DOH) and homes transferred to certain people through the Government Discount Benefit Scheme.

Description of the activity

- The municipality has a mandate to lead and direct the housing function so that the strategic objectives of the municipality in relation to housing are achieved.
- The establishment of an inclusive, representative and accountable development structures within communities.
- Identification of other primary actors with whom the community should relate for the purposes of successful development.
- Certification of potential housing beneficiaries.
- Facilitation of the sales administration process.
- Signing of building agreements by beneficiaries.
- Appointment of Project Manager(s) by the Developer.
- Appointment of Contractor(s) to undertake the actual construction of houses.
- Capacitating and empowerment of locally based contractors to participate in the construction of houses as sub-contractors.
- Ensure that the employment of unskilled local people to assist skilled labourers during the construction phase.
- The Municipality has a mandate to lead and direct to the housing functions so that the Strategic Objectives of the Municipality in relation to housing are achieved.

Analysis of the function

The Strategic Objectives of this function are to:

- Reduce the population living in informal structures
- To ensure access to formal housing opportunities.

The Impendle Municipality has over the year under review managed the Stage one process for the following project that should begin to build housing in the 2011/2012 financial year.

- 300 units at Inzinga ward 1

Implementing Agents have been appointed by The Department of Human Settlements to begin construction of the following units.

- 500 units in Ward 2
- 500 units in Ward 3
- 500 Units in Ward 4

Planning design, EIA work was also commenced, over the year under review, for Stage One process for the following project that should begin to build housing in the 2010/2011 financial year.

- 500 units: Impendle Village Affordable housing project.
- 200 units: Upper Makhuzeni

ROADS

Departmental Funded Maintenance

- Repairs on the roads within the Impendle Village continued to be done within budget constraints.
- Construction equipment purchased for the Roads maintenance Team was put into operation in the rural areas and has made substantial improvement in the areas work in.

MIG Funded Roads Projects

- Four road project were completed.
- Two more were awarded and one was completed within this MTF
- Consultants awarded and design and documentation done for the next four roads to be constructed by this funding.
- A Roads and infrastructure plan put in place that will commit MIG funding well into the 2014 financial year.

MUNICIPAL BUILDINGS AND FACILITIES

Departmental Funded Maintenance

- A maintenance program was done on buildings within the Municipality using departmental staff.
- Challenges with community vandalism / theft is ongoing and Municipal buildings are targeted and become derelict. Cemetery toilet block has been reduced to a ruin. Both Impendle sport field's toilets have been reduced to ruins.

MIG Funded Projects

- The rehabilitation of the Impendle Taxi Rank has stalled and plans put in place to complete this project departmentally.
- Consultants have been appointed to carry out the construction of six new community facilities (Crèches and Halls) into the 2011 financial year.
- Construction has been completed on one crèche. A Hall / Crèche combination building is nearing completion
- One crèche in Ward1 has been awarded and should be completed mid 2010/11 FY
- Designs are complete and tenders will be advertised October 2010 for two buildings and the balance should be advertised in January 2011.

SOLID WASTE

Departmental Funded Operation and Maintenance

- A refuse collection service in Impendle Village has been carried out successfully using Municipal staff and equipment.

STREET CLEANSING SERVICES

Departmental funded operation and maintenance.

- Litter collection is an ongoing operation within the Impendle Village.
- Mowing of the verges and within municipal properties was initiated with this financial year with substantial clearing and reforming of verges taking place to enable mechanical mowing.
- Sports field mowing in Impendle Village is being done monthly in the wet season.

Environmental Management

In terms of the C-Plan and MINSET assessments undertaken by KZNCS, Impendle contains extensive areas of conservation significance.

These assessments are at a very broad level, and a more detailed assessment has been undertaken at a local level taking current land use and slope into account. This forms part of the local Strategic Environmental Assessment (SEA), and Environmental Management Plan (EMP). The plan of environmental priority forms an integral part of the Impendle SDF and is used to assess development applications.

The Impendle Municipality has assessed\processed 22 E.I.A.\B.I.D. applications during the year.

Building \Plan evaluation control

Impendle Municipality does not have its own capacity to carry out this function. However the uMngeni Municipality building inspectorate is used when this service is required.

Land Use Management

Status of Land Use Management System

- The Impendle Municipality applied for funding to complete SDF, EMP and LED. A service provider will be appointed to develop the LUMS in the 2010/2011 financial year.
- A contract was advertised and awarded for the SDF, EMP and LED Plan, This plan has now been completed and project are being framed for funding applications

Challenges

Access to land for emerging farmers is a major issue and there have been no land reform farms in Impendle that have been successfully transferred to date. This has serious implications for any proposed agricultural production and value adding enterprise targeting emerging farmers in the Municipality.

TECHNICAL SERVICES

Operating and Maintenance Report

The repairs and maintenance budget rose to 2.74 % of the total budget which is inadequate given the massive backlogs in terms of maintaining our infrastructure. Moving forward our goal is to reach a target of 10% over the next three years for repairs and maintenance to try and eradicate the backlogs.

The Municipality has begun the process of improving its own capacity to address maintenance backlogs. The purchase of the Tractor Loader Backhoe and tip trailer in last year's report period and the procurement of a Grader, Vibro Roller, water tanker and service trailer has gone a long way in providing the Municipality with a mechanism to deliver roads maintenance services to its rural areas.

The roads maintenance team and plant has made substantial progress this financial year and should show good progress into the future as experience and seriously degraded road and stormwater drainage is rehabilitated and maintained.

However the backlogs are massive and it will take a number of years to realistically catch

up to the expectations of the communities needs in terms of improved accesses. The major challenge being experienced in this function is the lack of suitable quarry materials for road surfacing. Geologically the municipal area does not produce good gravel materials.

Capital Expenditure

The implementation of the MIG funded project forms the bulk of the Capitol budget. Projects valued at R 6,4 Millions were awarded and work commenced within this report period. A carryover of R 0.31 million was spent by August 2010. The bulk of these funds were roads with the Rehabilitation Taxi Rank and crèche / Hall construction accounting for R 2.6 million of this years expenditure.

LOCAL ECONOMIC DEVELOPMENT

The purpose of economic development and growth is to build up the economic capacity of Impendle Municipality to improve its economic future and the quality of life for all its citizens. In order to achieve the aforesaid, the Department of Economic Development and Growth is entrusted with the implementation of the following programmes:

- Investment Promotion & Marketing
- Local Business Support & SMME Development
- Tourism Development & Events Management.
- Agricultural Development

The municipality facilitated a number of training workshops for co-ops, SMMES, community gardens and individuals. Referrals for business registrations and business plans as well as mentorship programs were secured through partnerships with SEDA and there are ongoing partnerships and support systems created for the trained groups and individuals.

Description of the Activities

Investment Promotion and Marketing

The Municipality is continuously exploring ways to increase inward investment in skills and technology, property and sustainable development, continuously promote ongoing investment and development through the provision of services at affordable, competitive prices, efficient service and a safe and secure environment. Business permissions are tailored to the needs of the changing economy. Investment promotion is through the following:

- Ongoing identification of Greenfield development areas for investors;
- Ensuring the maintenance of existing infrastructure;
- Effective information dissemination;
- Working towards transfer of land to the Municipality to make land available to potential investors and developers with respect to business permissions;
- Assist in gaining access to existing services.

Local Business Support and SMME Development

The Department has commissioned the study on the establishment of Local Business Support Centre. The Local Business Support Centre is envisaged to be a commercially

driven, practical implementation body linking Local Economic Development, the Local Business Development Board, Business Community, Investors and entrepreneurial community in such a way as to promote, and implement development within the Impendle area, whilst prioritizing the areas of greatest need. The study has since been completed awaiting implementation of its recommendations.

As the Department we managed to establish a link with Company Intellectual and Property Registration Office (CIPRO) in Pretoria. This has resulted in the establishment of a Unit that is specifically responsible for the registration of close corporation (cc). During the reporting period the Department managed to register seven (7) SMMEs as Close Corporations. We have also provided Business Skills Training to five (5) SMMEs.

In the Department's endeavour to facilitate local economic growth, the procedure of issuing licenses to new businesses has been harnessed in such a way that the process is fast tracked. In the 2007/08 Financial Year, fourteen (14) businesses were issued with licenses.

In a bid to ensure constant assessment and support of the informal sector, the Department has facilitated the legal occupation of the Municipal trading stalls by informal traders. We have facilitated the establishment of informal traders committee. We have also developed an Informal Trading Policy upon which the operation of informal trading is based. Forty eight (48) lease agreements were signed between the Municipality and informal traders. All informal traders that signed lease agreements were issued with trading permits in a form of identification cards. The Department also facilitated a 3 day training of 10 informal traders on basic business skills.

Agricultural Development

A significant percentage of the high-potential agricultural land is situated within Impendle Municipality. This provides an opportunity for agricultural sector growth. Intensive agriculture through mixed land use, beneficiation of agricultural produce as well as organic food production. Forestry industry will be transformed through the establishment of community private partnerships with a Local Forestry business. It is envisaged that small-scale forestry opportunities will be created through this initiative.

The Municipality has commissioned a study to investigate opportunities that exist for primary and value addition of agricultural commodities. The purpose of the study was to identify agricultural goods that could be processed and develop plans to take identified commodities forward to implementation. The target communities for the project were low income communities and / or emerging farmers who reside within the Municipality.

Tourism Development & Events Management

The Department in partnership with Zulu Mpophomeni Tourism Experience (ZMTE) facilitated the training on 10 Local Tour Guides. This was an initiative driven by WESSA, and was aimed at the upliftment of young people living in the previously disadvantaged communities. The 10 Guides were trained on different Tourism Products within the area and are now qualified to organize and conduct tours.

The Department also helped co-ordinate the training of four tour guides on provincial tour guiding level. All four tour guides successfully completed the training and are now qualified provincial tour guides. The completion of the tar road to Himeville in the near future is seen as a potential for encouraging tourists into the heart of Impendle Municipality. Towards capitalizing on this potential discussions have been had on how this potential can be converted into opportunities.

Achievements

A number of organisations have been approached to access development funding, facilitate and train local community members towards creating viable local farmers / businesses. Some of the organisations that became involved this year are:
Hans Marensky Holdings.
Contact was made with this organisation and promises to yield a project in the new financial year.

Challenges

Access to land for emerging farmers is a major issue due in part to the lack of land ownership rights as a large percentage of the land in the Impendle Municipality falls under the control of Ugunyama Trust and the Tribal authority This has serious implications for any proposed agricultural production and value adding enterprise for emerging farmers in the Municipality.

Project set up in the past have failed as the groups formed as beneficiaries are too large to be supported by the maximum economic yield of the projects. This issue is being addressed by trying to support larger enterprises proposals that have the potential to support the beneficiaries. However setup funding has proven to be a major challenge.

Government Grants

Municipal Infrastructure Grant (MIG,)

Projects	Project Value	Expenditure for report period	Planned completion
Clearance Road : Ward 1	R 750,000.00	R 135,000.00	Jun-10
Nguga / Shiabantu Link Road : Ward 2	R 2,700,000.00	R 2,100,000.00	Jun-10
Ward 3 Road	R 850,000.00	R 210,000.00	Jun-10
Gomane Res Road : Ward4	R 850,000.00	R 240,000.00	Jun-10
Fikashutu Crèche : Ward 3	R 750,000.00	R 650,000.00	Jun-10
Vezaekhule Hall Crèche : Ward 4	R 1,500,000.00	R 450,000.00	Jun-10
Sdwedwe Road : Ward 1	R 1,230,000.00	R 1,168,500.00	Jun-10
Hlabamkosi Road : Ward 4	R 1,320,000.00	R 47,000.00	Jan-11
Novuka Creshe : Ward 4	R 750,000.00	R 15,000.00	Feb-11
Hall / Creshe : Ward 2	R 750,000.00	R 15,000.00	Mar-11
Taxi Rank Rehabilitation	R 1,825,967.18	R 408,263.64	Jun-10
PMU Top slice	R 350,000.00	R 310,000.00	Jun-10
Totals	R 13,625,967.18	R 5,748,763.64	

Roads and Storm water

Repairs and Maintenance

The Purchase of the Construction plant was finalized late into the year. Mechanical and staff experience teething problem and the modification implemented by the department to modify the plant for the extreme conditions at Impendle lead to a slow start on roads maintenance in the 2010 / 2011 financial year. However progress has subsequently improved. Pothole eradication has been done and the storm water system continues to be improved.

New Vehicle Plant and Equipment

- Ford Ranger
- Ford Everest 2.5TD
- Longong Grader
- Longgong Vibo Roller 14 Ton
- Photon 425 Tractor.
- 10 ton tip trailer.
- No other new plant and or equipment were purchased in this report period.

Fleet Management

Plant	Make	End of year kms	Kms this year	
NIM 248	Nissan LDV	227373	8336	
NIM 295	Mazda 2.5 TDI LDV	134872	38902	
NIM 299	Mazda 2.5 TDI LDV	111593	35307	
NIM 616	Mazda 2.6 4X4 LDV	228097	19685	
NIM 1130	Ford Bantam 1.3 L	56803	33405	
NIM	Ford Ranger LDV		0	
NIM 1	Ford Everest 2.5D		0	
	Vehicle fleet total mileage		135635	Km

Plant				
Plant	Make	End of year hour meter reading	Hrs clocked this year	
Tractor	John Deere 2300			Hrs
TLB	New Holland B120			Hrs
Tractor	Photon 425			
Grader	Longgonge			
Roller	Longgonge			
	Combined Hrs worked			Hrs

As can be seen in the table above that the Municipal Fleet has covered 145 000 kilometers during the period being reported. This has resulted in excessive service and maintenance costs.

A tracking system has been installed in all vehicles and Plant where possible. This has ensure vehicle security, Driver and passenger safety as well as allowing the monitoring of vehicle and Plant usage and abuse.

Two of the vehicles have exceeded the recommended economic life span. However both vehicles are serviceable and will continue to be used for local work until funding can be secured to replace them.

The john Deer tractor has become difficult to keep serviced as parts have become difficult to find due to its age. However this is an essential piece of equipment in terms of service delivery. It will be kept in service as long as possible.

Planning Services

The process of land transfers to the Municipality that was overlooked during the restructuring of Local Municipalities was commenced during this financial year. Properties sold during the Municipalities previous administration which were not formally transferred are being finalised.

There has been a progress in LUMS, draft Urban Scheme is finished. A strategic document comprises SDF, EMP and LED plans is to be finalized by end of January 2010.

Cemeteries

The village Cemetery has been maintained by the Municipality and will be pegging sites in the near future.

Of some considerable concern within the Municipality is the practise of burring without control across the Municipality on private and ingonyama properties.

ORGANISATIONAL PERFORMANCE RPEORT FOR 2009/2010

IDP Indicator No.	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator (Unit of Measure)	Baseline (2008/2009 Actuals)	2009/2010 ANNUAL PERFORMANCE REPORT		Responsible Department	Reasons for deviation/or improvement interventions
					TARGET	ACTUAL		
KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT								
	To promote organisational transformation by ensuring the review and implementation of the organisational structure and policies in line with the strategic and operational requirements.	Fill critical posts in line with organisational structure	Percentage of critical positions filled	N/A	100% of all critical positions filled		MM and MCCS	Budget limitation
		Review and implement placement policy/rules procedures.	Placement policies/rules procedures adopted		One placement policy/rule procedures reviewed and adopted	0%	MM and MCCS	It was not necessary to review the policy
	Ensure placement of staff into positions appropriately suited to their to their skills and abilities.	Conduct placement of staff based on placement procedures	Percentage of staff placed in positions based on placement procedures.		100% staff placed in positions based on placement procedures	90%	MM and MCCS	Only one staff member still to be placed. Awaiting evaluation of the post.
	Ensure ongoing implementation and review of the performance management system	adopt and implement a Performance Management System	Performance Management System adopted. Annual performance report prepared and submitted in line with the Municipal Systems Act		One Performance Management System Adopted. One Annual Performance Report submitted to Provincial Treasury and LGTA	25%	MM	Only draft policy framework prepared internally. Main challenge being the financial or human capacity. Ongoing support is being received from CoGTA through ESP Consulting. Matter is receiving attention. Only the OPMS approved as part of the IDP.
		Asses performance of the Municipality and senior Managers on a quarterly basis	Number of Assessment Reports completed		2 Assessment reports completed and submitted to Department	80%	MM and MCCS	Mid-term performance report submitted in January 2010. The annual performance report not completed by end of July 2010 due to capacity constraints.

	Promote governance and institutional development	Coordinate the activities of the portfolio committees(per Department)	Number of Portfolio Committee meetings held		12 portfolio committee meetings	33%	MM and HOD's	All three committees struggled to meet. There are various reasons ranging from lack of coordination from Managers to councillors being unavailable for meetings. The Municipal Manager raised this matter with council on various occasions and offered to convene meetings of the various committees. Success has been limited.
	Ensure preparations and submissions of statutory reports	Submission of monthly, quarterly and other statutory reports to relevant authorities as required by various legislation	Statutory reports submitted to the relevant authorities within the required timeframe		4 Quarterly reports and 12 SDBIP reports	33%	All Departments	All quarterly reports required in terms of the MFMA have been submitted albeit after the required time.
	Ensure preparation and submission of Council reports	Council agenda items or reports submitted within required timeframe for consideration by council	Council agenda items/reports submitted 8 days prior to council meeting		12 Council agenda items/reports submitted monthly	75%	Departmental HOD's	Some managers still failed to submit written reports. Council has since resolved that no verbal reports will be accepted by council.
	Improve communication among management, administration, political structures and political office bearers	Development and adoption of communication strategy and plan	Communication plan adopted		1 Communication plan adopted	0%	MM and MCCS	Budget limitation
	Manage the department within the budgetary and policy framework of the municipality	Regular departmental reporting to MM	Number of reports submitted to MM on progress with respect to operational functions		1 report per month	0%	Departmental HOD's	Managers have complained of time constraints
		Departmental staff meetings	Number of meetings held with staff to determine progress with respect to operational functions		1 meeting per month per month = 36 meetings	33%	Departmental HOD's	It is sometimes not possible to meet monthly but meetings do take place quarterly

	Implement effective expenditure control measures within the budget allocated to the department	Implement SDBIP targets	Percentage of expenditure within the budget variance		10% of expenditure within the budget variance annually	?	Departmental HOD's	
	Actively source and secure alternative funding streams for IDP projects	Source funding from Sector Departments, Investors and Donor Funders	Number of business plans prepared to source funding for IDP Projects		2 Business plans prepared annually to source funding for IDP Projects	50%	MM & HOD's	Some success achieved however lead times are long
	Ensure staff development and capacity building	Review of Workplace Skills Plan for the ILM	Workplace Skills Plan for the Municipality reviewed		1 Workplace Skills Plan reviewed annually	100%	MCCS	
		Training staff in line with Workplace Skills Plan	% rebate received from SETA		80% rebate received from SETA annually	50%	MCCS	Some managers still allow staff to attend training not aligned to the Workplace Skills Plan resulting in refunds becoming unclaimable from SETA
	Facilitate Local Labour Forum (LLF) Functioning	Arrange and hold meetings of the LLF	1 LLF meeting per month		12 LLF meetings annually	50%	MCCS	As a small municipality there are sometimes no labour related issues to discuss. The agreement to meet monthly will have to be reviewed.
	Prepare and implement a departmental business plan	Monitor and evaluate the implementation of the Business Plan	Number of progress reports prepared on the targets in the departmental business plan		4 progress reports submitted	0%	Departmental HOD's	No specific reasons can be put forward in this regard. Council has however resolved that Portfolio Committees consider these business plans.
KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT								
	To implement Local Economic Development through local tourism	CTO Support	Number of MOU's entered into with Boston Bulwer Beat		One MOU entered into with Boston Bulwer Beat	15%	I and PS (LED Officer)	Little tourism development in the greater part of the municipality.

	Development of the Tourism Sector Plan as part of the LED Plan	Tourism Sector Plan approved by council		One Tourism Sector Plan approved by Council	0%	I and PS (LED Officer)	Funding and personnel challenges
	Market Implendle towards desired tourism destination	Number of Tourism marketing strategies implemented		3 Tourism marketing strategies implemented	0%	I and PS (LED Officer)	Lack of effective identification of tourism destinations in the greater Impendle municipal areas
	Feasibility study - Museum	Number of feasibility studies adopted		One Feasibility study for the Museum adopted	0%	I and PS (LED Officer)	Delayed due to late completion of SDMP . Project may have to be reviewed as per the recommendations of the SDMP.
	Implementation of the LED Plan	LED Plan approved by Council		One LED Plan approved by council	95%	I and PS (LED Officer)	Part of the SDMP which is still to be approved by Council. A workshop has however been conducted for Council to consider the report.
	Promote Local Economic Development in Impendle Municipality						
	Facilitate the development of a commercial centre in the ILM	Number of sites transferred from state to Municipality		1 Identified site transferred	10%	I and PS (LED Officer)	Developer initially appointed for this project had to be dropped due to differences with the municipality. Attempts comenced during the period under review to appoint another developer.
	Facilitate the Community Forestry Programme	Number of Business Plans prepared to access funding		1 Business Plan prepared to access funding	0%	I and PS (LED Officer)	Delayed due to late completion of SDMP . Project may have to be reviewed as per the recommendations of the SDMP.
	To implement Local Economic Programmes through agricultural programmes	Number of Business Plans prepared to access funding		1 Business Plan prepared to access funding	0%	I and PS (LED Officer)	Delayed due to late completion of SDMP . Project may have to be reviewed as per the recommendations of the SDMP.

	Ensure preparation and timeous submission of draught budget to relevant authorities	Draft budget submitted to relevant authorities within the prescribed time frame		Draft budget submitted for approval	100%	MM and CFO	
	Ensure preparation and timeous submission of final budget to relevant authorities	Final budget submitted to relevant authorities within the prescribed time frame		Final budget submitted for approval	100%	CFO	
	Ensure budget alignment to the IDP process	Budget implementation plan included as part of the IDP		1 Budget implementation plan included as part of the IDP	100%	MM and CFO	
	Ensure that reports to Council and National Treasury are submitted	Number of reports prepared in terms of the MFMA (S52)		1 Report per quarter = 4	100%	MM and CFO	
	Ensure preparation of adjustments when necessary	Adjustment budget prepared within the prescribed time frame		Adjustment budget prepared and submitted	100%	CFO	
	Ensure public consultation on the Annual/Oversight Reports and Budget of the Municipality	Number of advertisements for AR and Oversight reports placed for public comments		3 AR and OR placed for public comment	100%	MM	
	Advertisement of Budget for public comment	Number of advertisements for budget placed placed for public comment		3 Advertisements : Budget process plan, Draft budget and Final Budget	100%	CFO	
	Ensure regular auditing of Municipal finances	Number of internal audit reports submitted		4 Internal audit reports submitted	75%	MM	
	Ensure the proper functioning for the shared service audit committee	Number of audit committee meetings held		3 audit committee meetings held per year	75%	MM	
	Ensure proper expenditure grant funding	% of grant funding spent		100% grant funding spent	71%	CFO	63% of the MIG allocation was not spent due in part to overlap in financial years (National vs Local)
	To promote public participation in the Municipality with respect to the Annual Budget						
	To ensure sound financial governance in the Municipality						
	To ensure Effective Expenditure Management						

		Ensure proper credit control	Payment of creditors, staff, Councillors, 3rd party payments within required time frames		Creditors paid within 30 days of invoice. Staff, Councillors and 3rd party payments paid monthly	75%	CFO	There are cases when invoices are not received on time for processing.
	To ensure effective Revenue Management	Ensure debt collection procedure in place	Billing of debtors in line with debt collection procedure		100% of debits billed in line with debt collection procedure	100%	CFO	
		Proper management of Motor Vehicle Licence services	Number of days taken to issue Motor Vehicle Licences		1 day taken to issue motor vehicle licence	?	CFO	Target revised. Infuture focus will be on the reduction of queries.
	To ensure effective Treasury Management	Ensure implementation of bank and investment policy in the investment of surplus cash	% of surplus cash invested in accordance with the bank and investment policy		100% of surplus cash invested in accordance with the bank and investment policy	?	CFO	
		Ensure proper asset management	Development and implementation of asset and store management policy		% of assets verified as per the assets and store management policy	100%	CFO	
			Disposal of assets as per the assets and store management policy		Assets disposed as per assets and store management policy, annually	?	CFO	
		Ensure reconciliation of bank accounts to the ledger	Number of bank reconciliation and cash flow statements compiled		12 bank reconciliation and cash flow statements complied	100%	CFO	
		Ensure updating of financial statistics	Number of statistical reports compiled		Quarterly reports ito: 1 report for Stats SA, 1 report for S52 of MFMA. Monthly reports ito: 1 report for DPLG (EMMA) 1 report for S71 of MFMA	100%	CFO	

	To ensure statutory Financial Reporting in accordance with the provisions of the MFMA	Ensure preparation and submission of required reports timeously	Number of S71 reports submitted	12 S71 reports submitted	75%	CFO
			Number of S52(d) reports submitted	4 S52(d) reports submitted	75%	CFO
			Number of Annual Financial Statements submitted	1 AFS submitted annually	100%	CFO
			Number of reports on bank account withdrawals in terms of S11(4) submitted			CFO
	To ensure implementation of Supply Chain Management in accordance with provisions of SCM regulations and policy	Ensure implementation of SCM Policy	Number of committees established	3 Bid committees established	100%	CFO
		Number of workshops held on SCM policy		1 Workshop on SCM policy held	100%	CFO
		Consolidation of procurement plans	Procurement plans consolidated	Departmental procurement plans consolidated	100%	CFO
		Capacity building - SCM Practitioners	Number of workshops held	1 Workshop on SCM policy held	100%	CFO
		Review SCM policy	SCM Policy reviewed	1 SCM Policy reviewed annually	100%	CFO
		Updating Supplier database	Supplier database updated	Supplier database updated annually	?	CFO
	Ensure effective and efficient Information Technology(IT) support for the Municipality	Development and review of IT policy	IT Policy review	1 IT Policy reviewed	100%	CFO
		Trouble shooting	Number of days taken to address IT problems	1 day taken to address IT problems	?	CFO
KEY PERFORMANCE AREA: GOOD GVERNANCE,COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS						
	To ensure good Intergovernmental Relations in the affairs of the Municipality	Coordination of the activities of the ILM with district, provincial and national programmes	Number of IGR meetings attended	1 IGR meeting attended monthly	100%	MM

		Facilitate the proper functioning of the IDP structures	IDP Process plan adopted	IDP Process plan adopted		1 IDP Process plan adopted	100%	MM (Devt Planner)	Process Plan approved only in September due to delays in the receipt of comments from CogTA
			To administer the IDP Representative Forum and IDP Committee	Number of IDP Representative Forums and IDP Committees held		2 IDP Representative Forums and IDP PSC held in line with IDP process plan	50%	MM (Devt Planner)	The second meeting was found to be unnecessary
			Engage with sector Departments	Number of Sector Departments consulted		5 Sector Departments to be consulted	60%	MM (Devt Planner)	Only 3 departments were available on time for consultation.
			Promote intergrated development planning	IDP Reviewed in line with S34 of MSA		1 IDP Review in line with S34 of MSA	100%	MM (Devt Planner)	
			IDP adopted and submitted to the DLG&TA	Draft IDP adopted and submitted to DLGTA		1 Draft IDP adopted and submitted to DLGTA	100%	MM (Devt Planner)	
		To facilitate the Strategic Planning Process		Final IDP adopted and submitted to DLGTA		1 Final IDP adopted and submitted to DLGTA	100%	MM (Devt Planner)	

Acronyms

AG	:	Auditor General
CFO	:	Chief Financial Officer
DFA	:	Development Facilitation Act
EXCO	:	Executive Committee
GM	:	General Manager
IDP	:	Integrated Development Plan
ICT	:	Information Communication Technology
MM	:	Municipal Manager
MFMA	:	Municipal Finance Management Act
MANCO	:	Management Committee
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery Business Implementation Plan
UMDM	:	uMgungundlovu District Municipality

Notes

**UMKHANDLU WASEKHAYA
IMPENDLE
LOCAL MUNICIPALITY**



**OVERSIGHT REPORT ON THE ANNUAL REPORT OF IMPENDLE LOCAL
MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010**

MARCH 2011



1. INTRODUCTION

The oversight report is prepared in terms of the Sec 129 of the Municipal Finance Management Act 56 of 2003(the Act). Being a small municipality with seven council members, a decision was taken by Council to appoint the Annual Report Committee chaired by the HW the Mayor Cllr SM Makhaye and the Oversight Committee chaired by Cllr KM Dlamini a member of Council. Both these committees were appointed in terms of Sec 79 of the Municipal Structures Act.

2. BACKGROUND

The 2009/2010 report is still not the ultimate that can be produced. The municipality faces persistent challenges relating to income generation. There does not seem to be prospects for immediate improvement in this regard. The situation was made worse by the recent economic downturn. Lack of adequate capacity to implement the municipality's development programme as contained in the IDP remains one the key challenges facing the municipality. Systems and policies are in place and there appears to be great improvement in that regard.

3. PROCESS

The Municipal Manager assisted the Mayor to prepare the Annual Report (**Annexure A**) which was tabled by the Mayor to Council on 24 January 2011. The public & the Auditor General were invited to attend the meeting at which the Mayor tabled the Annual Report. No members of the public attended the meeting while the Auditor General was represented.

3.1 COUNCIL RESPONSE TO THE TABLING OF THE ANNUAL REPORT

Council noted the tabling of the Annual Report by HW the Mayor. The report was referred to the Oversight Committee (**See Annexure B**) – minutes of the Council meeting at which the Annual report was tabled HW the Mayor).

3.2 COMMENTS OF THE AUDITOR GENERAL

The Auditor General did not provided written comments (**Annexure C**). It should be noted however that the Auditor General focused on matters related to the 2009/2010 Audit Report for Impendle Municipality

3.3 COMMENTS OF THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

The Department of Cooperative Governance and Traditional Affairs acknowledged receipt of the Annual Report as tabled by the HW the Mayor and submitted written comments. The comments are attached herewith as **Annexure D**. The issues raised in the comments will be taken into account in due course.

3.4 COMMENTS OF THE AUDIT COMMITTEE AND INTERNAL AUDIT UNIT

The Audit Committee did not consider the tabled Annual Report however a member of the Audit Committee as well as the Internal Audit Unit attended the council meeting at which the Annual Report was tabled.

4. CONSIDERATION OF THE ANNUAL REPORT BY THE OVERSIGHT COMMITTEE

4.1 COMMENTS OF THE OVERSIGHT COMMITTEE ON THE ANNUAL REPORT

The comments of the Oversight Committee are outlined in **Annexure E** – Minutes of the Oversight Committee Meeting held on 11 March 2011.

4.1.1 The Oversight Committee noted the process followed in compiling the Annual Report.

4.1.2 The Oversight Committee also noted that almost all components of the Annual Report have been tabled by HW the Mayor.

4.2 COMMENTS RECEIVED FROM THE PUBLIC

The public was invited to comment on the Annual Report as per the attached newspaper advert (**see Annexure F**). The advert was also posted on the notice boards in the municipality as well as the library. However, no comments were received from the public.

4.3 COMMENTS FROM THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Comments received from the above department were noted by the Oversight Committee.

4.4 RESPONSES TO QUESTIONS: PROVIDED BY THE MUNICIPAL MANAGER

The responses of the Municipal Manager to questions raised by members of the Oversight Committee are outlined in **Annexure E** – Minutes of the Oversight Committee Meetings held on 11 March 2011.

5. STATEMENT IN TERMS OF SEC 129(1) OF THE ACT

- 5.1 THAT** Council having fully considered the annual report of the municipality and representations thereon, adopts the oversight report, and
- 5.2 THAT** Council approves the Annual Report with reservations – the performance report does not indicate prior year performance
- 5.3 THAT** the Accounting Officer be and is hereby instructed to publicise this oversight and annual report within seven days from the date of its adoption and submit copies of the report to relevant authorities in terms of Sec 129(2)&(3) of the Act.

ANNEXURES:

- ANNEXURE A:** Annual Report of Impendle Local Municipality for the period 2009/2010
- ANNEXURE B:** Minutes of the Council meeting at which the Annual report was tabled
- ANNEXURE C:** Comments received from the Auditor General
- ANNEXURE D:** Comments received from the Dept of Cooperative Governance & Traditional Affairs
- ANNEXURE E:** Minutes of the Oversight Committee meetings held on 11 March 2011
- ANNEXURE F:** Advert inviting the public to comment on the Annual Report

Annexure B

MINUTES OF THE IMPENDLE SPECIAL COUNCIL MEETING SPC01/11 HELD AT 10H00 ON MONDAY 24 JANUARY 2011 IN THE COUNCIL CHAMBER 21 MAFAHLENI STREET, IMPENDLE

PRESENT

HW Cllr SM Makhaye Speaker/Mayor
Cllr KM Dlamini
Cllr CD Gwala
Cllr EB Madlala
Cllr SG Ndlela

OFFICIALS

BS Duma	Municipal Manager
TS Khwela	Chief Financial Officer
JAC Mumford	Infrastructure and Planning Services Manager
GS Ngcobo	Corporate & Community Services Manager
P Gcaba	Committee Officer

1. NOTICE OF THE MEETING

The Municipal Manager read the notice of the meeting.

2. APPLICATIONS FOR LEAVE OF ABSENCE

HW the Mayor - requested early departure
Cllr MM Cekwane – attending Housing meeting

3. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

None

4. ANNOUNCEMENTS BY THE CHAIRPERSON

- (i) The Municipal Manager announced that Mrs ZP Ndlovu had resigned as of 14 January 2011.
- (ii) The MM reported that the MEC for Transport would be visiting KwaThunzi for the opening of the Umkomaas Bridge on Thursday, 27 January 2011 and that the Council meeting should be rescheduled, as councillors would attend the opening ceremony. It was agreed that the Council meeting be rescheduled for Friday, 28 January 2011.
- (iii) The MM reported that the establishment of the pound would be advertised.

5. DECLARATION OF PECUNIARY OR OTHER INTERESTS

None

6. PRESENTATIONS

None

7. REPORTS

REPORTS	
7.1 2009/2010 Draft Annual Report	ACTION
<p>HW the Mayor Cllr SM Makhaye tabled the draft Annual Report.</p> <p>Resolved 7.1/2011/01/24</p> <p>7.1.1 THAT Council notes the Annual Report as tabled by the Mayor.</p>	<p>HW Mayor</p>
7.2 2010/2011 Mid-year Performance Report	
<p>The MM reported that the Mid-year Performance report is twofold; one part was prepared by the CFO and the other part was to be done by the other two managers. However, the other two Managers had not submitted theirs. Upon inquiry from Council the two managers committed to submitting their report to the MM by Thursday, 27 January 2011. The CFO reported that the total expenditure for 6 months had amounted to R13 913 926.96 and that the total income was R20 953 314. 64. He explained that unbudgeted capital expenditure amounting to R406 329 had been incurred. He reported that unbudgeted grants were received; R566 871.64 was received from DBSA, R421 081 05 Library grant from the Department of Arts and Culture and R1 500 000 Corridor Development grant giving a total of R2 487 952.69. He reported that the average collection of property rates and refuse for the six months was 46%. He explained that there were noticeable over and under estimation of 2010/2011 Annual budget.</p> <p>Following deliberations, Council,</p> <p>Resolved: 7.2/2011/01/24</p> <p>7.2.1 THAT Council approves the Mid-year statement of Financial Performance in compliance with Section 72 of the Municipal Finance Management Act.</p> <p>7.2.2 THAT Council approves that the 2010/2011 Annual budgets be adjusted.</p>	<p>CFO</p>

7.3 Study Visit to India – KG Zulu	
<p>The MM reported that Mr KG Zulu had been nominated to participate in the Training Program offered by the Indian Consulate tenable in India. He reported that the notice was short and that after consultation with HW the Mayor and management he granted Mr Zulu a daily allowance of R195 which is the equivalence of the daily accidental allowance of R65 x 3; the funds would be sourced from the Subsistence and Travel sub-vote. The MM explained that the allowance granted to Mr Zulu was intended to enable him to cover accidental costs such as telephone calls, laundry, own travel and other costs.</p> <p>Resolved: 7.3/2011/01/24</p> <p>7.3.1 THAT Council notes the report.</p> <p>7.3.2 THAT Council ratifies the Municipal Manager's decision to grant Mr KG Zulu an accidental costs allowance of R11 700 (R195 per day x 60 days).</p> <p>7.3.3 THAT Council grants Mr KG Zulu leave of absence from work for the duration of the scholarship in line with Council policy on study leave.</p>	MM
7.4 Community Based Plans For IDP	
<p>Resolved: 7.4/2011/01/24</p> <p>7.4.1 THAT Council approves that the Ward Councillors lead the process.</p>	

8. NOTICES OF MOTION

None

9. QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN

None

10. GENERAL MATTERS OF AN URGENT NATURE

None

11. CLOSURE

There being no further business to discuss and consider the Meeting adjourned at 10h50.

Cllr S. M. Makhaye
Impendle Municipality Mayor

DATE:
24 January 2011